



Secretary of the Air Force  
Office of Legislative Liaison

# CONGRESSIONAL HEARING RESUME

106th Congress

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**Date: 7 March 00**

**SUBJECT:** Budgets for Operations & Maintenance, Munitions Readiness Accounts  
**COMMITTEE:** Senate Armed Services Committee  
Subcommittee on Readiness

**CHAIRMAN:** The Honorable James M. Inhofe

**MEMBERS PRESENT (bold face):**

**REPUBLICANS**

**Inhofe, James (OK)**  
**Strom Thurmond (SC)**  
John McCain (AZ)  
Rick Santorum (PA)  
Pat Roberts (KS)  
Tim Hutchinson (AR)

**DEMOCRATS**

**Charles S. Robb (VA)**  
Jeff Bingaman (NM)  
Robert C. Byrd (WV)  
Max Cleland (GA)  
Mary L. Landrieu (LA)

**WITNESSES:**

**Maj General Jerry L. Sinn, USA**  
**Rear Admiral Albert T. Church III, USN**  
**Major General Larry W. Northington, USAF**  
**Mr. Herbert Dixon, USMC**

Information contained in this resume was obtained during an open hearing. It will not be released outside of the Department of Defense (DoD) agencies until published hearing transcripts have been released by the Committee, and only to the extent it is in accord with published hearing procedures.

**Prepared by: Lt Col Amy Bouchard**

**Date: 7 March 00**

**Phone number: 697-7951**

## **EXECUTIVE SUMMARY**

This was a productive hearing that gave the Services the opportunity to express their priorities and concerns with the FY01 Budget. The Committee expressed concern that the FY01 Budget for O&M and munitions procurement was inadequate to prevent the continued readiness decline, thus degrading our ability to successfully execute the National Military Strategy. The Services provided what costs were covered by the Kosovo Supplemental and other contingency operations such as East Timor. Each Service emphasized the importance of keeping flexibility to manage O&M accounts. The increased requirement for “smart weapons” was emphasized, referencing Kosovo Lessons Learned. Increased fuel costs and the impact on the budget and flying hour costs was addressed with regard to the FY01 and FY02 budgets. Once again, we were asked to quantify what we need in terms of funding to achieve desired readiness levels.

The Subcommittee was called to order at 1400

## **OPENING REMARKS**

### **Chairman Inhofe**

- Committee stated the importance of the O&M and Munitions Procurement accounts; totaling over \$87.5B, or 30% of the DOD budget
- Expressed concern for degradation of military readiness and our ability to successfully execute the NMS
- Reiterated that the CJCS has acknowledged the risk to execute two MTWs is moderate-to-high
- Bottom line the DOD is underfunded and over extended

### **Sen Robb**

- .- Good news is that DoD is funded to the extent of being able to fund essential programs
- Concerned with lack of funding available for modernization, RPM, BOS
- Overall end-strength is down 33%; yet no reduction in commitments

## **WITNESS STATEMENTS**

### **MajGen Sinn**

- FY01 Budget is focused on two tenets: 1) maintain momentum in protecting critical gains in readiness, quality of life and modernization and 2) transformation of the Army into a more mobile and sustainable force

### **Maj Gen Northington**

- AF Budget based on Kosovo lesson learned, change in priorities for munitions procurement, and change in national demand for Air Power
- Budget priorities focused on people, readiness, and a balanced, time-phased modernization program
- Budget across the FYDP is essentially flat with a 1.1% increase that allows us to meet most critical needs
- Most critical AF needs are met --but we must contend with the fiscal reality of finding a balance between today's readiness requirements and being ready for tomorrow

### **Rear Admiral Church**

- Navy has prioritized their budget funding the flying hour program, aviation and ship maintenance
- Accepted risk in spares procurement and RPM
- Concerned with sustaining long-term readiness with a lack of funds to support recapitalization and modernization

**Mr. Dixon SES USMC**

- Budget focused on four pillars: 1) Marines and their family, 2) legacy systems, 3) infrastructure, and 4)-modernization effort
- Challenge is to meet all the existing readiness needs with today's constrained budget

**Sen Inhofe**

- What costs has the supplemental covered and what have you had to cover out of your own budget?

**Mr. Dixon**

- The Marine Corp is \$9M short for contingency funding for E. Timor and Storm Damage

**RADM Church**

- Bosnia and SWA fully funded; East Timor is not funded

**Maj Gen Northington**

- Costs for Bosnia/Kosovo was \$2.8B AF reimbursed \$2.4B \$400M shortfall
- Currents Ops (E. Timor/Mozambique) & Storm Damage cost to date \$75M no reimbursement seen

**Sen Inhofe**

- Have inefficiencies caused increased costs in the O&S accounts?

**Maj Gen Northington**

- Increased costs are four-fold: 1) maintaining older equipment, 2) maintaining aged infrastructure, 3) increased human resource costs, and 4) increased fuel costs

**Sen Robb**

- Recent GAO report discussed the movement of money from O&M accounts...why do Commanders need to keep the flexibility they have with O&M accounts

**Maj Gen Sinn**

- Need the flexibility to support contingencies and other unscheduled requirements
- Loss of flexibility would inhibit Commanders from doing their job to meet the nations needs in a timely manner

**Sen Robb**

- Do Commanders typically underfund the basic requirements that are must pay because they know that Congress will eventually fund those area or key members will fund their "pet rock" programs

**Maj Gen Northington**

- No--the Budget is done 18 months in advance but it isn't always 100% accurate an example of a change is doubling the Recruiting & Retention budget to meet our current personnel challenges
- Commanders need the flexibility to move funds into programs such as BOS & RPM

**Sen Robb**

- Supports flexibility in O&M Budget just wants to avoid "pork"

**Sen Thurmond**

-Has funding for the Guard and Reserve grown equivalent to the amount we depend on them to support contingencies

**All Service Witnesses**

-Guard and Reserve funding has been equitable for their increased level of contingency support

**Sen Thurmond**

- Is funding sufficient for training munitions to maintain unit readiness levels?

**Maj Gen Northington**

- The AF has a shortfall \$350M total, \$125M for GP munitions is on the UPL for FY01

**Sen Inhofe**

- Compared the use of “smart munitions” versus “dumb” from the Gulf War to Kosovo

- Concerned if the FYDP adequately reflected these changes with an increased requirement for more precision munitions

**Maj Gen Northington**

-FYDP reflects funding for the correct variety of munitions \$874M-- the quantity may be short

**Sen Robb**

- Addressed impact of increase fuel costs on O&M operations

**Service Witnesses**

- All stated that there would be a bill to pay, but DLA has a fixed cost for this budget but there may see an increase in FY02--“pay me now-pay me later”concept

**Sen Thurmond**

- If Congress provided necessary funding how long would it take to achieve a desired state of readiness?

**Maj Gen Northington**

- There is no straightforward answer four components contribute to improved readiness

1) Personnel, 2) Training, 3) Equipment and 4) Supply

- Didn't get where we are today in one year it can only be fixed over a period of several years

Hearing concluded at 1530.